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Before the COPYRIGHT ROYALTY JUDGES The Library of Congress

In re	
DISTRIBUTION OF CABLE ROYALTY FUNDS	CONSOLIDATED DOCKET NO. 14-CRB-0010-CD/SD
DISTRIBUTION OF SATELLITE ROYALTY FUNDS	(2010-13)

SETTLING DEVOTIONAL CLAIMANTS' REPLY IN SUPPORT OF THEIR MOTION TO SUPPLEMENT MOTION TO DE-DESIGNATE RESTRICTED MATERIALS AND OPPOSITION TO MULTIGROUP CLAIMANTS' EMERGENCY MOTION FOR REMOVAL FROM PUBLIC RECORDS AND SANCTIONS AGAINST SDC AND ITS COUNSEL

Little in Multigroup Claimants' opposition to the Settling Devotional Claimants' motion to supplement has anything to do with whether the Judges should consider the new evidence on the three points at issue in the SDC's Motion to De-Designate Restricted Materials (Mar. 4, 2020) and the SDC's Opposition to Multigroup Claimants' Emergency Motion for Removal from Public Records and Sanctions Against SDC and Its Counsel (Mar. 27, 2020):

- (1) Whether the information in Multigroup Claimants' Response to Order to Show Cause should be de-designated as Restricted, an issue as to which the subsequent public disclosure of the purportedly Restricted information and waiver of the Protective Order should be dispositive;
- (2) whether the SDC's Motion to De-Designate Restricted Materials should be removed from the public record, another issue as to which the subsequent public disclosure and waiver of the Protective Order should be dispositive; and

(3) whether the SDC and their counsel should be sanctioned for an alleged breach of the Protective Order, an issue as to which the subsequent public disclosure should be at least highly relevant, and as to which the waiver of the Protective Order should be dispositive.

Therefore, the Judges should grant the SDC's motion to supplement the SDC's Motion to De-Designate Restricted Materials (Mar. 4, 2020) and the SDC's Opposition to Multigroup Claimants' Emergency Motion for Removal from Public Records and Sanctions Against SDC and Its Counsel (Mar. 27, 2020).

I. Alfred Galaz's Amended Bankruptcy Petition and Multigroup Claimants' Failure to Respond to the SDC's Objection Both Constitute "New" Evidence.

Multigroup Claimants seems to argue that Alfred Galaz's amended bankruptcy petition is not "new" evidence, because Multigroup Claimants had already filed it in connection with its Reply in Support of Second Motion for Final Distribution of 2010-2013 Satellite Royalty Funds on April 21, 2020, two days before the SDC filed their motion to supplement. But Multigroup Claimants' second motion for final distribution related to a different issue – whether a final distribution should be made to Multigroup Claimants before resolution of the issues addressed in the Judges' Order to Show Cause Why Multigroup Claimants Should Not Be Disqualified as an Agent to Receive Funds on Behalf of Claimants (Feb. 24, 2020). Nothing in Multigroup Claimants' reply in support of its second motion for final distribution references the SDC's motion to de-designate or Multigroup Claimants' motion to remove from public records or for sanctions. Nor did Multigroup Claimants' reply in support of its second motion for distribution draw the Judges' attention to the fact that the purported transfers to Ryan Galaz – the only information that Multigroup Claimants has identified as justifying its Restricted designation – had been made a matter of public record. Although Alfred Galaz's amended bankruptcy petition may have been part of the record of the case, the SDC had not yet been given the opportunity to

make their record as to the two motions to which they believe the amended bankruptcy petition is relevant.

Moreover, in addition to bringing Alfred Galaz's amended bankruptcy petition to the Judges' attention on the motions, the SDC also brought to the Judges' attention Multigroup Claimants' failure to respond to the SDC's objection to the Restricted designation on grounds of the public disclosure, as required by Section V.D of the Protective Orders: "If a Producing Party declines to acquiesce in the requested disclosure or to agree that the information should not be classified as Restricted material, the Producing Party shall notify the Receiving Party or Reviewing Party in writing the reasons therefor within three (3) business days of receipt of the written notice." Multigroup Claimants' waiver of the protection of the Protective Orders by not preserving its response to the SDC's objection as required is also new evidence.

II. Alfred Galaz's Amended Bankruptcy Petition Was Required Because of False Statements in His Original Bankruptcy Petition, Not Because of Any "Unsubstantiated" or "Defamatory" Statement by the SDC.

Multigroup Claimants suggests that the public disclosure in Alfred Galaz's amended bankruptcy petition was compelled by the need "to address unsubstantiated, defamatory allegations made by SDC counsel Matthew MacLean" to the bankruptcy trustee and the assistant U.S. Trustee. Opposition at 5. But there are no "unsubstantiated, defamatory allegations." After the Judges entered their Order to Show Cause, the SDC's counsel sent a copy of the Order to Show Cause by FedEx to the bankruptcy trustee and the assistant U.S. Trustee, with copy to Alfred Galaz's bankruptcy counsel, Ron D. Brown, along with a cover letter explaining the reason for the contact. *See* Declaration of Matthew J. MacLean at Ex. A, Letter to K. Vance and S. Soule, with copy to R. Brown (Feb. 25, 2020). The SDC's counsel's cover letter accurately summarized the Order to Show Cause as follows:

The Copyright Royalty Judges' order to show cause relates to Mr. Galaz's ownership or past ownership of "Multigroup Claimants" and his ownership or past ownership of a majority interest in Worldwide Subsidy Group, LLC, a company that represents claimants of copyright royalties for retransmissions of television broadcasts. The order to show cause is based in part on apparently false statements by Mr. Galaz in his statement of assets and liabilities filed with his bankruptcy petition.

Id.

The description correctly acknowledges that there was a question as to whether Alfred Galaz was a "current" or "past" owner of Multigroup Claimants and Worldwide Subsidy Group. At the time of the letter, the only evidence as to Multigroup Claimants' current ownership was Alfred Galaz's uncorroborated and apparently inaccurate declaration that he had conveyed Multigroup Claimants to Worldwide Subsidy Group. See App. 133. The only evidence as to Worldwide Subsidy Group's current ownership was Alfred Galaz's uncorroborated and admittedly inaccurate testimony in his bankruptcy petition that he had conveyed Worldwide Subsidy Group to Ruth Galaz on January 1, 2018, (App. 114) and Worldwide Subsidy Group's apparently inaccurate public information report as of June 23, 2018, bearing Alfred Galaz's typewritten signature, that the "Partners" in Worldwide Subsidy Group were Alfred Galaz and Ruth Galaz (App. 144). The SDC's counsel did not know and did not claim to know whether Alfred Galaz was a "current" or "past" owner. The letter acknowledged both possibilities, and it is accurate. The SDC's counsel even provided a link to the full docket so that the letter's recipients could examine other filings in the docket, including Multigroup Claimants' position. The SDC had not even received any Restricted information at the time of the letter, and the letter made no reference to any Restricted information.

¹ "App." references are to the Appendix to the SDC's Further Briefing in Response to Multigroup Claimants' Response to Order to Show Cause (Mar. 16, 2020).

Likewise, in explaining why the Order to Show Cause might be relevant to the bankruptcy trustee and to the assistant U.S. Trustee, the SDC accurately characterized the Order to Show Cause as being "based in part on apparently false statements by Mr. Galaz in his statement of assets and liabilities filed with his bankruptcy petition." This is indisputably true. In granting the Order to Show Cause, the Judges specifically referenced the SDC's contentions relating to false statements in the bankruptcy petition:

In particular, the SDC assert that in statements filed with the bankruptcy court Mr. Galaz: (1) failed to disclose that he owned MGC within 4 years before he filed for bankruptcy; and (2) falsely claimed that Worldwide Subsidy Group was "inactive" and that it was worth "\$0" in fair market value when in fact "[a]s of January 1, 2018, under the name 'Independent Producers Group,' Worldwide Subsidy Group was actively pursuing claims for royalties in the 2000-2003 cable proceeding...and the 2004-2009 cable and 1999-2009 satellite proceedings" and in the 2010-13 cable and satellite distribution proceedings.

App. 4. Moreover, there is no dispute that these statements by Alfred Galaz in his bankruptcy petition were in fact false. Indeed, Multigroup Claimants acknowledges that the very purpose of filing the amended bankruptcy petition after the bankruptcy proceeding was reopened was to correct one of these two false statements – the failure to identify Alfred Galaz's current or past interest in Multigroup Claimants. Multigroup Claimants' Opposition at 4. (Multigroup Claimants still has provided no explanation for the other false statement – that Worldwide Subsidy Group was "inactive, \$0 FMV" at the time of the purported conveyance.) There may be room for dispute as to Alfred Galaz's motive or intent in making false statements. But the SDC's counsel did not allege any motive or intent in his cover letter.

Nor did the SDC's counsel "strongly encourage[]" the bankruptcy trustee to take any action one way or the other. *See* Multigroup Claimants' Opposition at 2 n. 2. The bankruptcy trustee responded to the SDC's letter by email on February 26, 2020, asking the SDC's counsel,

"Are ther [sic] monies owed to Alfred Galaz and/or MGC? If so, how can we stop the distribution while we investigate?" MacLean Decl. at Ex. B, Email exchange between S. Soule and M. MacLean (Feb. 26, 2020). Directly in response to the bankruptcy trustee's questions, the SDC's counsel provided an accurate description of pending distribution determinations applicable to Multigroup Claimants and Worldwide Subsidy Group, and he also attached copies of all of the pleadings on the SDC's motion for order to show cause, including Multigroup Claimants' opposition to the motion. The SDC's counsel's email specifically acknowledged Multigroup Claimants' position (as the SDC understood it at the time, before Multigroup Claimants had revealed the purported transfers to Ryan Galaz):

Alfred Galaz now claims that he transferred his interests in Multigroup Claimants to Worldwide Subsidy Group, LLC (an entity with which we have a long history) at a time when he owned a 99% share of Worldwide Subsidy Group, LLC, and that he transferred his 99% interest in Worldwide Subsidy Group, LLC to his ex-wife, Ruth Galaz, as of January 1, 2018.

Id. In response to the bankruptcy trustee's inquiry as to "how can we stop the distribution while we investigate," the SDC's counsel suggested that the trustee register an eCRB account or contact Ms. Kimberly Whittle "[i]f you want to make an appearance and make your interests known to the Judges" Id. As with the letter, the email exchange in response to Mr. Soule's inquiry occurred before the SDC had received any purportedly Restricted information.

It was in response to the reopened bankruptcy case, and not in response to anything the SDC have said or done, that Alfred Galaz publicly filed his amended bankruptcy petition, purportedly correcting what he has claimed to be inaccurate information in his initial bankruptcy petition.

Multigroup Claimants' opposition speculates that the SDC are "frustrated," and argues that the SDC's arguments initially engendered by the filing of Alfred Galaz's bankruptcy petition

have "collapse[d]." Multigroup Claimants' Opposition at 2. In fact, the SDC are not "frustrated," and nothing has "collapsed." None of the relief requested by the SDC has anything to do with the bankruptcy trustee's motion to intervene or his subsequent withdrawal of that motion. The re-opened bankruptcy case remains pending, and the SDC are not privy to the bankruptcy trustee's reasons for withdrawing his motion to intervene.

III. The Remainder of Multigroup Claimants' Opposition Merely Repeats Arguments That Have Already Been Addressed.

Beyond Multigroup Claimants' inaccurate characterizations of the SDC's counsel's communications with the bankruptcy trustee, Multigroup Claimants offers nothing more than a rehash of arguments that are already thoroughly addressed in prior pleadings. Rather than contributing further to the already bloated record on the briefing, motions, and responses filed by the parties since the Judges entered their Order to Show Cause, the SDC will simply cite to where in the record the arguments are addressed:

- In response to Multigroup Claimants' assertion that the SDC have not identified Multigroup Claimants' "conflicting representations made to the Judges" regarding Multigroup Claimants' identity or ownership (Multigroup Claimants' Opposition at 4), the SDC identified examples of these conflicting representations in their Further Briefing in Response to Multigroup Claimants' Response to Order to Show Cause (Mar. 16, 2020), at 13-14.
- In response to Multigroup Claimants' argument that "it is unclear what the SDC expect the Judges to do in response ..." (Multigroup Claimants' Opposition at 4), the relief currently requested by the SDC is set forth in their Further Briefing in Response to Multigroup Claimants' Response to Order to Show Cause (Mar. 16, 2020) at 18-19; in their Motion to De-Designate Restricted Materials (Mar. 4, 2020) at 10; and in their

- Opposition to Multigroup Claimants' Emergency Motion for Removal from Public Records and Sanctions Against SDC and Its Counsel (Mar. 27, 2020) at 18.
- The SDC have not requested the Judges to "insinuate themselves into Alfred Galaz's bankruptcy proceeding." Multigroup Claimants' Opposition at 4. To the contrary, the SDC expressly refrained from moving the Judges to report "reasonable grounds" for believing that a violation of 18 U.S.C. § 152(3) has occurred to the U.S. Attorney, as required by 18 U.S.C. § 3057(a). *See* SDC's Opposition to Multigroup Claimants' Second Motion for Final Distribution of 2010-13 Satellite Royalty Funds (Apr. 16, 2020) at 5.
- Multigroup Claimants' argument regarding the requirement under Texas law for a Texas limited liability company to identify its members in annual public information reports is addressed in the SDC's Reply in Support of Motion to De-Designate Restricted Materials (Mar. 25, 2020) at 3 and in SDC's Opposition to Multigroup Claimants' Emergency Motion to Remove from Public Records and Sanctions Against SDC and Its Counsel (Mar. 27, 2020) at 13-14.

IV. Conclusion

The Judges should grant the SDC's Motion to Supplement their Motion to De-Designate Restricted Materials (Mar. 4, 2020) and their Opposition to Multigroup Claimants' Emergency Motion for Removal from Public Records and Sanctions Against SDC and Its Counsel (Mar. 27, 2020).

Respectfully submitted,

/s/ Matthew J. MacLean

Date: May 12, 2020

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Counsel for Settling Devotional Claimants

Certificate of Service

I certify that on May 12, 2020, I caused the foregoing to be served on all parties by filing through the eCRB system.

> /s/ Matthew J. MacLean Matthew J. MacLean

Before the COPYRIGHT ROYALTY JUDGES The Library of Congress

DISTRIBUTION OF CABLE
ROYALTY FUNDS

CONSOLIDATED DOCKET NO.
14-CRB-0010-CD/SD
(2010-13)

DISTRIBUTION OF SATELLITE
ROYALTY FUNDS

DECLARATION OF MATTHEW J. MACLEAN

- I, Matthew J. MacLean, hereby state and declare as follows:
- 1. I am a litigation partner in the law firm Pillsbury Winthrop Shaw Pittman LLP. I represent the Settling Devotional Claimants in this matter.
- 2. Attached as Exhibit A is a true and correct copy of a letter (without enclosure) sent at my direction by FedEx on February 25, 2020, to Katherine Vance, Assistant U.S. Trustee and Steven W. Soule, the bankruptcy trustee in Alfred Galaz's bankruptcy case, with copy to Alfred Galaz's bankruptcy counsel, Ron D. Brown. Enclosed with the letter was a copy of the Judges' Order to Show Cause Why Multigroup Claimants Should Not Be Disqualified as an Agent to Receive Funds on Behalf of Claimants (Feb. 24, 2020).
- 3. Attached as Exhibit B is a copy of an email exchange (without attachments) between Mr. Soule and me, copying Ms. Vance, on February 26, 2020.

I hereby declare under penalty of perjury that the foregoing is true and correct. Executed May 12, 2020, in Vienna, Virginia.

/s/ Matthew J.	MacLean
Matthew J. MacLean	





Pillsbury Winthrop Shaw Pittman LLP 1200 Seventeenth Street, NW | Washington, DC 20036 | tel 202.663.8000 | fax 202.663.8007

> Matthew J. MacLean tel: +1.202.663.8183 matthew.maclean@pillsburylaw.com

February 25, 2020

By FedEx

Katherine Vance, Esq. Assistant United States Trustee Office of the United States Trustee 224 South Boulder Avenue Suite 225 Tulsa, Oklahoma 74103

Steven W. Soule, Esq. Hall, Estill, Hardwick, Gable, et al. 320 South Boston Avenue, Suite 200 Tulsa, Oklahoma 74103-3706

> Re: In re Alfredo Carlos Paul Galaz and Lois May Galaz, Bankruptcy Petition No. 19-11098-R (Bankr. N. D. Okla.)

Dear Ms. Vance and Mr. Soule:

I am writing to make you aware of the attached order to show cause, issued by the Judges of the Copyright Royalty Board against "Multigroup Claimants," a registered fictitious business name of Alfred Galaz, a recent bankruptcy petitioner in the bankruptcy petition referenced above.

The Copyright Royalty Judges' order to show cause relates to Mr. Galaz's ownership or past ownership of "Multigroup Claimants" and his ownership or past ownership of a majority interest in Worldwide Subsidy Group, LLC, a company that represents claimants of copyright royalties for retransmissions of television broadcasts. The order to show cause is based in part on apparently false statements by Mr. Galaz in his statement of assets and liabilities filed with his bankruptcy petition.

The pleadings underlying the order to show cause may be found online at https://app.crb.gov/case/detail/14-CRB-0010-CD/SD%20%282010-13%29. I represent the

February 25, 2020 Page 2

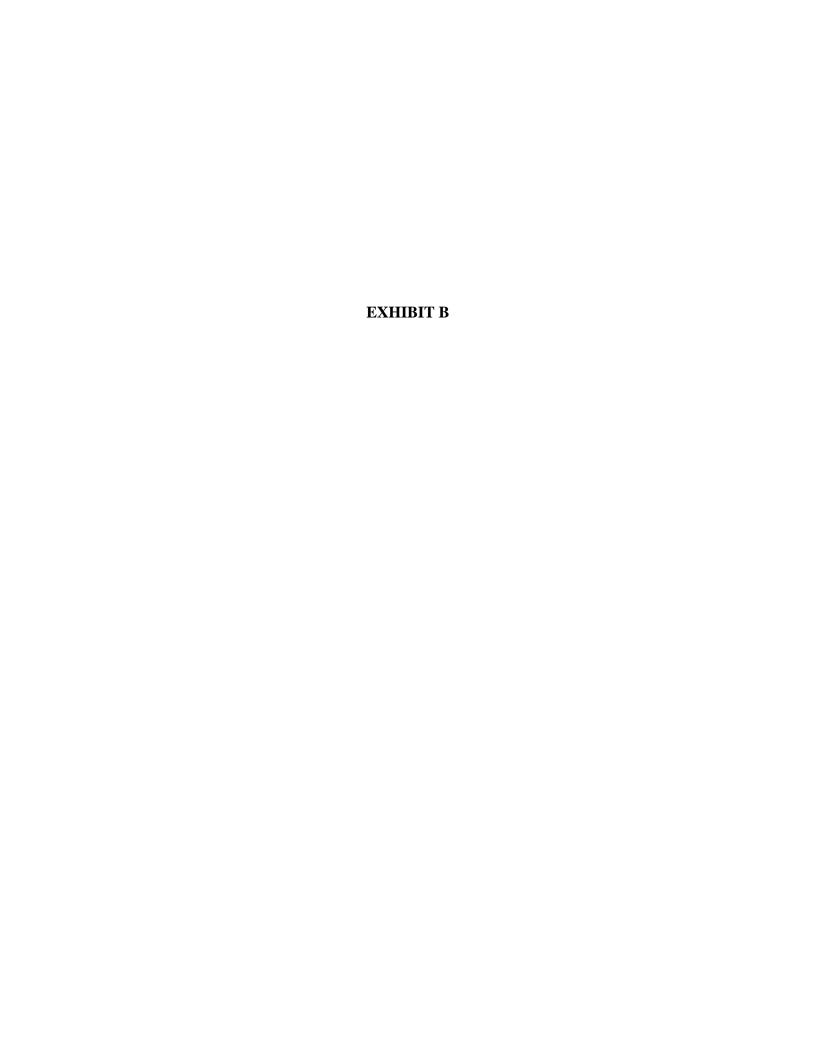
Settling Devotional Claimants, a coalition of producers of religious television programs, in matters before the Copyright Royalty Board.

Very truly yours,

/s/ Matthew J. MacLean

Matthew J. MacLean

cc Ron D. Brown, Esq.



MacLean, Matthew J.

From: MacLean, Matthew J.

Sent: Wednesday, February 26, 2020 2:49 PM

To: SSoule@HallEstill.com

Cc: Katherine.Vance@usdoj.gov; SMcCormick@HallEstill.com

Subject: RE: Alfredo Galaz

Attachments: 20200109 - 00-03 - order for final distribution.pdf; 20191226 - 10-13 - SDC motion for order to show

cause why MGC should not be disqualified - filed.pdf; 20200109 - 10-13 - MC Opposition to SDC motion for OSC Copy.pdf; 20200121 - 10-13 - SDC reply motion for order to show cause why MGC

should not be disqualified - File Stamped.pdf

Steve,

Yes, "Multigroup Claimants," which we have understood (at least until recently) to be a registered business name of Alfred Galaz, is currently entitled to receive a percentage share of certain copyright royalty fees for cable and satellite retransmissions for the years 2010 through 2013, and it claims the right to an undetermined share of royalty fees collected for years after 2013 as well. The final determinations of the shares to which Multigroup Claimants is currently entitled are published in the Federal Register at 83 Fed. Reg. 38,326 (Aug. 6, 2018) and 83 Fed. Reg. 61,683 (Nov. 30, 2018). Presumably, Multigroup Claimants would have contractual obligations to forward some portion of these royalty fees to the copyright holders that it claims to represent.

The exact amount of the fees to which Multigroup Claimants will be entitled will depend on some further calculations by the Copyright Office based on confidential settlement agreements and final determinations between various other parties. It was in the course of trying to finalize one such settlement agreement that we came across Mr. Galaz's bankruptcy petition, leading us to question if Multigroup Claimants was what we had previously understood it to be.

Further background is contained in the attached pleadings leading up to the Judges' order to show cause. In essence, Alfred Galaz now claims that he transferred his interests in Multigroup Claimants to Worldwide Subsidy Group, LLC (an entity with which we have a long history) at a time when he owned a 99% share of Worldwide Subsidy Group, LLC, and that he transferred his 99% interest in Worldwide Subsidy Group, LLC to his ex-wife, Ruth Galaz, as of January 1, 2018. However, as we point out, this claim conflicts with Mr. Galaz's bankruptcy filing, public filings by Worldwide Subsidy Group, LLC, and pleadings filed by Multigroup Claimants.

In footnote 1 of the order to show cause, the Judges deny without prejudice Multigroup Claimants' motion for a final distribution of certain funds that would otherwise be ripe for distribution pending resolution of the order to show cause, effectively putting distributions to Multigroup Claimants temporarily on hold. How long this will be in effect, I couldn't say.

If you want to make an appearance and make your interests known to the Judges, then I would suggest you register an account on https://app.crb.gov/ and file a motion under docket number 14-CRB-0010-CD/SD (2010-13). (eCRB is sometimes fairly tricky, so it might be necessary to ask for some help from Copyright Royalty Board staff. I would suggest you contact Kim Whittle at crb@loc.gov if you have difficulty making a filing.) There is no bar admission for the Copyright Royalty Board, so an attorney licensed in any state or federal court is permitted to appear. This is obviously a very unusual situation, so I am not sure there is a precedent for an intervention of this kind. But the Copyright Royalty Board is the tribunal with the authority to order or withhold a distribution to any claimant.

It is also worth noting that Worldwide Subsidy Group, LLC (d/b/a Independent Producers Group) is also currently entitled to a distribution of certain fees collected for other years in Docket No. 2008-02 CD 2000-03. The order is

attached. Unlike the distributions to Multigroup Claimants, distribution of the fees to Worldwide Subsidy Group, LLC has not been put on hold, and is imminent.

I hope this helps. I'm happy to provide any further information that I can.

Matt

Matthew J. MacLean | Partner

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From: SSoule@HallEstill.com <SSoule@HallEstill.com>

Sent: Wednesday, February 26, 2020 1:16 PM

To: MacLean, Matthew J. <matthew.maclean@pillsburylaw.com> **Cc:** Katherine.Vance@usdoj.gov; SMcCormick@HallEstill.com

Subject: Alfredo Galaz

* EXTERNAL EMAIL *

Matthew-Thank you for the letter relating to this debtor and his claims under Multigroup Claimants. I am going to look into this through his bankruptcy counsel. I am not familiar with the Copyright Royalty procedures. Are ther monies owed to Alfred Galaz and/or MGC? If so, how can we stop the distribution while we investigate? Thanks for your help. Steve



STEVEN W. SOULE | SHAREHOLDER AND DIRECTOR 320 S. Boston Ave. | Suite 200 | Tulsa, OK 74103 Office: 918-594-0466 | Cell: 918-852-7262 | Bio

This e-mail message and any attachment thereto is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the recipient or reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this e-mail communication in error, please notify us immediately by sending a reply e-mail message to the sender. Thank you.

Proof of Delivery

I hereby certify that on Tuesday, May 12, 2020, I provided a true and correct copy of the Reply in Support of Their Motion to Supplement Motion to De-Designate Restricted Materials and Opposition to Multigroup Claimants' Emergency Motion for Removal from Public Records and Sanctions Against SDC and Its Counsel to the following:

Canadian Claimants Group, represented by Victor J Cosentino, served via ESERVICE at victor.cosentino@larsongaston.com

Multigroup Claimants (MGC), represented by Brian D Boydston, served via ESERVICE at brianb@ix.netcom.com

Public Television Claimants (PTC), represented by Ronald G. Dove Jr., served via ESERVICE at rdove@cov.com

MPA-Represented Program Suppliers (MPA), represented by Gregory O Olaniran, served via ESERVICE at goo@msk.com

Joint Sports Claimants (JSC), represented by Michael E Kientzle, served via ESERVICE at michael.kientzle@apks.com

National Association of Broadcasters (NAB) aka CTV, represented by John Stewart, served via ESERVICE at jstewart@crowell.com

Signed: /s/ Matthew J MacLean